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Mandatory Review

Case # NLJ 97-155

Document # 83

MEMORANDUM FOR: Mr. Bromley K. Smith
Executive Secretary
National Security Council
The White House

SUBJECT : Forthcoming US Civil Air Negotiations
with Czechoslovakia

1. US negotiations with Czechoslovakia over the terms of a new civil air agreement were initiated in Prague last April and are scheduled for resumption in Washington on 22 January. Pan American Airways will seek the regularization of its service between Prague and New York, which has operated under a temporary Czech permit since July 1965.

2. In return, Czechoslovakia will attempt to obtain a comparable route, possibly with ongoing rights to Latin America. An air agreement with the US would increase Czechoslovak prestige in civil aviation, assist the Czech efforts to negotiate agreements with Latin American countries, and provide the US with another bridge to Eastern Europe.



Director
Economic Research

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Enclosure: IM 68-7 (Subject Report)

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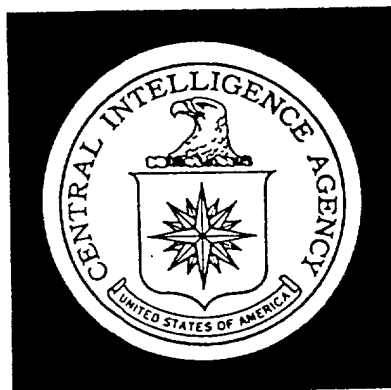
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DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

*Forthcoming US Civil Air Negotiations
With Czechoslovakia*

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ER IM 68-7
19 January 1968

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
19 January 1968

INTELLIGENCE MEMORANDUM

Forthcoming US Civil Air Negotiations
with Czechoslovakia

Summary

Forthcoming negotiations in Washington between the United States and Czechoslovakia may produce a new civil air agreement that would replace the inoperative agreement concluded between the United States and the Benes government in 1946. A new agreement probably would provide the Czechoslovak State Airline (CSA) with a route between Prague and New York and regularize Pan American Airways (PAA) service to Prague, which has operated since July 1965 under a temporary permit from Czechoslovakia. CSA has never operated scheduled service to the United States.

CSA probably would not begin a Prague - New York service until mid-1969 and would use the new IL-62 Soviet long-range jet on the route. Such a service would not include beyond rights to Cuba. An air agreement with the United States would enhance Czechoslovakia's prestige in the civil air sphere, give some leverage to the Czechs in their effort to negotiate agreements with other Latin American countries, and provide the United States with another bridge to Eastern Europe.

Note: This memorandum was produced by CIA. It was prepared by the Office of Economic Research and was coordinated with the Office of Current Intelligence.

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Forthcoming US Civil Air Negotiations
with Czechoslovakia

1. A Czech aviation delegation headed by Martin Murin, President of the Board of Civil Aviation of the Czechoslovak Ministry of Transport, is scheduled to arrive in Washington on 20 January 1968 for resumption of bilateral civil air negotiations with US Government and Pan American Airways (PAA) officials commencing 22 January. The meeting is expected to last from a week to ten days, after which the delegation tentatively plans to fly to Ottawa for discussions with the Canadian Ministry of Transport.

2. A civil air agreement concluded between the United States and the Benes government in June 1946 is technically still in force. PAA operated an air service between New York and Prague under this agreement, but service was suspended after the Communist takeover of Czechoslovakia in 1948, and the agreement has since been inoperative. In July 1965, PAA resumed service between New York and Prague under a temporary permit (outside the provisions of the 1946 agreement) issued by the Government of Czechoslovakia. The Czechoslovak State Airline (CSA)* has never operated scheduled air service to the United States.

3. The Czechs have indicated to US officials at various times since 1965 that they would like to conclude a new air agreement with the United States. Formal negotiations began in Prague in April 1967 at which time the Czechs asked for two routes, one to New York and the other to Chicago, both via intermediate points in Europe and Canada, and with beyond rights to Mexico. The meetings were recessed after considerable disagreement on conditions under which PAA could conduct business in Czechoslovakia and convert and remit currency. There was also some disagreement on arbitration procedures and routes. The negotiations were resumed informally between CSA and PAA in June 1967, but the controversial issues were not resolved.

** CSA is a state-owned civil aviation enterprise exclusively authorized to provide scheduled and non-scheduled air transportation. It is headed by a general manager who is responsible to the Ministry of Transportation.*

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4. The Czechoslovak Ministry of Foreign Affairs, after a hurried attempt to resume negotiations in November 1967, agreed to the 22 January 1968 date. The new Czech initiative suggests that CSA wants to open a Prague - New York service in 1969 and may be ready to compromise on the disputed points.

International Operations of Czechoslovak
State Airline

5. CSA, the largest Eastern European airline, serves 30 Free World countries, the USSR, all of the Eastern European Communist countries, and Cuba (see the map). CSA's international air network dates back to before World War II. Following the war the Benes government had ambitious plans for the expansion of air services, but after the Communist takeover in 1948 air service was curtailed. The expansion drive was resumed in the late 1950's, and routes were added to Asia, Africa, and Cuba. In 1966, CSA's volume of traffic on all international routes, including those in Eastern Europe, was 582 million passenger kilometers, more than three times the level in 1960. The development of routes into distant areas was an aspect of Czechoslovakia's growing involvement in the less developed countries and at least initially had mainly a political purpose. Many of these routes were unprofitable. In recent years, CSA's emphasis has been on the consolidation of its existing route network to improve the efficiency of air operations. All cities added to CSA's service since 1965 -- for example, Freetown, Tunis, Istanbul, Teheran, Dubai, Karachi, and Singapore -- have been incorporated as intermediate points or extensions to existing routes. Routes to the Free World extended over 30,000 unduplicated miles as of December 1967.

6. Czechoslovakia occupies an advantageous civil air position in Eastern Europe because of its central location and its sophistication in civil air matters. It is a longstanding member of the International Civil Aviation Organization (ICAO) and the International Air Transport Association (IATA) and has generally based its civil air policy on the international principles espoused by ICAO.

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7. CSA enjoys a favorable reputation as an international carrier, but with the exception of eight IL-18D's purchased in 1967, its fleet verges on obsolescence. The CSA fleet included the following aircraft as of September 1967:

<u>Type</u>	<u>Number</u>	<u>Remarks</u>
TU-104	9	100-passenger, medium-range jet
TU-124	3	44-passenger, short- to medium-range turbofan
IL-18	10	85-passenger, long-range turbo-prop, eight acquired in 1967
IL-14	22	24-passenger, short-range propeller

8. The lack of sufficient modern long-range aircraft has impeded CSA's efforts to expand operations to East Africa, Latin America, Oceania, and Japan. Martin Murin, the head of the Czech delegation, stated recently that CSA's first priority is the purchase of intercontinental planes. Czechoslovakia has always bought Soviet aircraft because of close trade ties with the USSR and favorable Soviet terms. CSA officials, after negotiations with Western aircraft manufacturers in 1966 and early 1967 concerning price and delivery dates, have decided to continue purchases from the USSR. They now anticipate acquisition of an IL-62 long-range jet in mid-1968 and subsequent purchases of medium-range twin-turbofan TU-134's in 1969-70 as well as later purchases of triple-turbofan TU-154's for medium- and long-haul routes. Presumably, the IL-62 would be the aircraft used on the Prague - New York route.

9. Since 1961, when it lost two IL-18's in major accidents, there has been only one crash involving substantial fatalities. On 5 September 1967, shortly after CSA had replaced the turboprop Britannia with the IL-18 on the route to Cuba, one of the IL-18's crashed on takeoff from Gander, and 34 of the 69 passengers were killed.

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Implications of a CSA Service Between New York and Prague

10. The establishment by CSA of a Prague - New York route would gain prestige for Czechoslovakia and provide a lever for obtaining additional air agreements, especially with Latin American countries. CSA has long wanted to expand its service to Latin America by extending either its present weekly Prague-Havana service or its West African service (Bamako, Conakry, and Freetown). As early as 1962 the Czechs expressed a desire to extend CSA's Cuban route to Mexico, and recently they had discussions with Mexico concerning an air agreement. In their negotiations with US officials in April 1967, they requested onward rights to Mexico on their proposed flights to New York and Chicago. The decisions of Latin American countries concerning air agreements with Czechoslovakia will be based principally on their own self interest, but an air agreement with the United States would provide Czechoslovakia with an added sales pitch. A route from Prague to New York also would provide Czechoslovakia with an opportunity to earn hard currency and would be another demonstration of the willingness of the United States and Czechoslovakia to engage in limited cooperation.

11. If the Czechs were to obtain the right to establish a service to New York, they would not receive beyond rights to Cuba, even though such a route would be much more efficient than the present one through Shannon and Gander. The Czechs are keenly aware of US sensitivity on this point. They have not raised the question in previous negotiations, obviously knowing that any attempt to gain beyond rights to Havana would scuttle their hopes for an agreement with the United States.

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Civil Air Routes of Czechoslovakia into the Free World, December 1967

ROUTE	TRIP NUMBER	FLIGHTS PER WEEK	TYPE OF AIRCRAFT
Prague-Paris	OK 507	4	TU 104A
Prague-Brussels-Amsterdam	OK 509	1	IL 18
Prague-Rabat-Dakar- Conakry-Freetown	OK 513	1	TU 104A
Prague-Athens-Cairo-Dubai- Bombay-Rangoon-Phnom Penh- Singapore-Djakarta	OK 516	1	TU 104A
Prague-Athens-Cairo	OK 520	1	TU 104A
Prague-Shannon-Cander-Havana	OK 523	1	Britania/ IL 18
Prague-Amsterdam-Brussels	OK 537	1	IL 18
Prague-London	OK 539	1	TU 104A
Prague-Frankfurt	OK 541	4	TU 104A/ TU 12
Prague-Rome	OK 543	1	TU 12A
Prague-Zurich	OK 545	2	TU 104A
Prague-Tunis-Algiers	OK 551	1	TU 104A
Prague-Milan	OK 553	1	TU 12A
Prague-East Berlin-Copenhagen	OK 582	2	TU 104A/ TU 12A
Prague-East Berlin-Stockholm-Helsinki	OK 586	2	TU 12A
Prague-Vienna	OK 591	2	TU 12A
Prague-Istanbul-Damascus- Baghdad	OK 606	1	TU 12A
Prague-Beirut-Tehran- Karachi-Bombay	OK 630	1	TU 104A
Prague-London	OK 639	1	Britania
Prague-Zurich	OK 645	2	TU 12A
Prague-Copenhagen	OK 680	1	TU 12A
Prague-Vienna	OK 601	1	TU 12A

